

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, JUNE 19, 2002**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of June 19, 2002 was called to order by Mayor Pennino at 6:08 p.m.

Present: Council Members – Hitchcock, Howard, Land, and Mayor Pennino

Absent: Council Members – Nakanishi

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) “Conference with Human Resources Director Joanne Narloch regarding International Brotherhood of Electrical Workers and Mid-Management; Government Code §54957.6” **was pulled from the agenda pursuant to staff’s request.**
- b) “Conference with Human Resources Director Joanne Narloch, regarding Association of Lodi City Employees regarding General Services and Maintenance and Operators; International Brotherhood of Electrical Workers; Lodi Police Dispatchers Association; Lodi Police Officers Association; United Firefighters of Lodi; and Confidential Employees, Management, and Mid-Management Employees pursuant to Government Code §54957.6 regarding military buy back” **was pulled from the agenda pursuant to staff’s request.**
- c) Conference with legal counsel; anticipated litigation; significant exposure to litigation pursuant to subdivision (b) of §54956.9; one case; pursuant to Government Code §54956.9(b)(3)(A) facts, due to not being known to potential plaintiffs, shall not be disclosed

NOTE: The following items (B-1 and B-2) appeared on the June 18, 2002 Special City Council meeting agenda, which were adjourned to the Regular City Council / Closed Session meeting of June 19, 2002.

B-2 Prospective acquisition of real property located at 541 East Locust Street, Lodi, California (APN 043-202-14); the negotiating parties are City of Lodi and Pete and Helen Perlegos; Government Code §54956.8

B-1 Prospective acquisition of real property located at 402 East Sargent Road, Lodi, California (APN 027-040-03); the negotiating parties are City of Lodi and Noble D. Fore, II and Millard L. Fore, Jr., Trustees of the Beckman Family Trust; Government Code §54956.8

C-3 ADJOURN TO CLOSED SESSION

At 6:08 p.m., Mayor Pennino adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:50 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:01 p.m., Mayor Pennino reconvened the City Council meeting, and City Attorney Hays disclosed the following actions.

In regard to Item C-2 (c), the Council gave staff direction on how to proceed.

In regard to Item B-2, the Council gave staff direction with regard to the negotiations and how to proceed.

In regard to Item B-1, the Council gave staff direction with regard to the negotiations and how to proceed.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of June 19, 2002 was called to order by Mayor Pennino at 7:01 p.m.

Present: Council Members – Hitchcock, Howard, Land, Nakanishi (arrived at 7:30 p.m.), and Mayor Pennino

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

B. INVOCATION

The invocation was given by Captain Frank Severs, Lodi Salvation Army.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Girl Scout Troop 528.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 Proclamations – None

D-3 (a) Mayor Pennino presented a Certificate of Recognition to Ole Mettler, Chairman of the Board for Farmers and Merchants Bank, for its receipt of an "Outstanding" Community Reinvestment Act rating from the Federal Reserve Bank.

D-3 (b) Mayor Pennino presented the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting to Vicky McAthie, Finance Director on behalf of Ruby Paiste, Accounting Manager, and Cory Wadlow, Accountant II, for their hard work and effort on the preparation of the City's annual financial report.

D-3 (c) Kathy Mitchell, Northern California Recycling Manager from Waste Management, and Chris Wied, Recycling Education Coordinator from Central Valley Waste Services, presented the Mayor with Waste Management's 2002 America Recycles Day Certificate and award in the amount of \$3,000 to be used to promote recycling programs and source reduction in the Lodi community. Ms. Wied congratulated the City on 54% diversion and meeting AB 939 compliance standards and announced that November 15 is America Recycles Day.

D-3 (d) Courtney Cook, member of the Greater Lodi Area Youth Commission, acknowledged the Teen of the Month, Tiffany Woolstrom from Jim Elliot Christian High School and provided an update on the activities of the Commission.

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Land, Howard second, approved the following items hereinafter set forth **except those otherwise noted** by the vote shown below:

Ayes: Council Members – Hitchcock, Howard, Land, and Mayor Pennino

Noes: Council Members – None

Absent: Council Members – Nakanishi

E-1 Claims were approved in the amount of \$2,356,421.93.

E-2 The minutes of May 15, 2002 (Regular Meeting), May 15, 2002 (Redevelopment Agency of the City of Lodi), May 28, 2002 (Shirtsleeve Session), May 29, 2002 (Special Joint Meeting with the Lodi Conference & Visitors Center), June 5, 2002 (Special Joint Meeting with the Lodi Historical Society), and June 11, 2002 (Special Joint Meeting with Lodi Parks and Recreation Commission) were approved as written.

Continued June 19, 2002

- E-3 Approved the plans and specifications for the Water/Wastewater Main Replacement Program (Project No. 1) and authorized advertisement for bids.
- E-4 Approved the plans and specifications for the reroof project at 100 East Pine Street and authorized advertisement for bids.
- E-5 Approved the plans and specifications for one battery capacity test system and authorized advertisement for bids.
- E-6 Approved specifications for Various Street Maintenance Activities, Fiscal Year 2002/03, authorized advertisement for bids, and adopted Resolution No. 2002-127 authorizing award of the bids by the City Manager.
- E-7 "Adopt resolution authorizing the purchase of Sequel Viewpoint software for use on IBM AS400 from Advanced Systems Concepts, of Schaumburg, Illinois (\$10,000)" was ***pulled from the Consent Calendar and discussed and acted upon under the Regular Calendar.***
- E-8 "Adopt resolution authorizing renewal of IBM Operating System software for AS400 from Logical Design, Inc., of Rancho Cordova (\$15,033)" was ***pulled from the Consent Calendar and discussed and acted upon under the Regular Calendar.***
- E-9 Adopted Resolution No. 2002-128 awarding the contract for the White Slough Control Building Reroof, 12751 North Thornton Road, to Kodiak Roofing & Waterproofing Co., of Loomis, in the amount of \$68,400, and appropriated \$75,000 for the project in accordance with staff's recommendation.
- E-10 Adopted Resolution No. 2002-129 awarding the contract to provide instrumentation maintenance services for the White Slough Water Pollution Control Facility to Alpine Controls, Inc., of Concord, in the amount of \$8,400.
- E-11 Accepted the improvements under contract for Roget Park Site Improvements, Phase I.
- E-12 Accepted the improvements under contract for Mistletoe Removal and Associated Tree Trimming.
- E-13 Adopted Resolution No. 2002-130 authorizing the Community Development Department to enter into an agreement with BMI Imaging, of Sacramento, under a State of California Department of General Services contract, for the conversion of approximately 33,000 documents currently on microfilm to digital format on compact disks for a cost of approximately \$0.167 per image (total cost is estimated not to exceed \$6,000).
- E-14 Authorized funds from the Protocol Account for the City Council to host a reception honoring citizen volunteer service and retirements on various boards and commissions (approximately \$5,500 / \$22.22 per person).

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Bob Askloff stated that a number of people are in the lobby area of the Carnegie Forum and cannot hear the proceedings.
- Steven Holfen reported that the City has been sending letters to his home warning him that he will be subject to fines if he continues to park in his shared, unpaved driveway. He stated that he cannot afford to pave the driveway and there is no parking available on the street. He asked if parking permits could be issued to residents in the area to alleviate the parking problems.

Mayor Pennino asked the City Manager and Community Development Director to look into the matter and report back to Council.

NOTE: Council Member Nakanishi arrived at 7:30 p.m.

G. PUBLIC HEARINGS

- G-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Pennino called for the Public Hearing to consider an appeal from tenant Pablo Palaganas Sr. regarding Notice and Order to Vacate issued for the property located at 305 E. Maple, Lodi.

Joseph Wood, Community Improvement Manager, reported that complaints have been received by Code Enforcement staff regarding property at 305 E. Maple Street. Staff inspected the property and found substandard housing, nuisances, blight, and inoperable vehicles, which resulted in a notice to vacate. Mr. Wood reviewed the substandard conditions as identified in the staff report and noted that the property consists of a single-family dwelling in the front and a two-story duplex in the rear. Subsequent to the notice to vacate, the tenant filed an appeal seeking additional time to stay in the dwelling. The husband of the owner of record filed a declaration in support of the appeal and requested that the tenants be allowed to stay in the dwelling for an additional two months. Staff recommended that Council uphold the findings of the notice to vacate and deny the appeal on the grounds that the conditions are too severe and present a hazard to the inhabitants of the property. Three letters (filed) have been received from residents in the area who are in support of staff's recommendation.

In reply to Council Member Howard, Mr. Wood explained that notices to vacate property can allow residents from 24 hours to 30 days to leave the property, depending on severity of conditions.

Hearing Opened to the Public

- Favee Somera addressed Council and explained that she was serving as an interpreter for Maria Zapeda, one of the tenants that live at 305 ½ Maple Street. Correspondence was prepared on her behalf by the Council for the Spanish Speaking (Concilio).

City Attorney Hays read the following letter into the record:

"My name is Maria Zapeda. My address is 305 ½ E. Maple Street, Lodi, California since December 1, 1990. During the time living here I have had two landlords: Lee Mendinger and Amar Mafula. I almost never had any problems with my neighbors until my new neighbors, a large family, moved into 305 Maple Street. It is a large family with many kids and that is basically when our problems began. First because there are many cars blocking the entrance and when I ask them to let me out they get mad at me and they insult me and sometimes I feel threatened. Also during the night there is a lot of activity of people coming in and out of the house vandalizing my vehicles, and quite frankly I am scared for my family and also for the kids that live with them. All I ask for is a place that we can be safe and that my children don't see the bad example or violence. While I complained with the landlord he told me that if I didn't like it I could move out of the apartment. The apartment that I live in has two bedrooms and needs maintenance, but the landlord is very irresponsible and the only things he cares about is the rent money. He has several pending jobs since June 11, 2001. He started in January but never finished. The only thing that I am looking for is a safe place for my family to live in. This has been a home for my family and for me for a very long time. The apartment is big and my neighborhood was safe and I never had so many problems like I do now. That is why I am asking for help to have a safe place for my family in the neighborhood. I believe that this family is a bad influence and very dangerous. Regarding the landlord, I believe that we should have a more open communication. I do not want a mansion. Just a decent place to live. There is a new contract and when I make a comment to get something fixed and he only tells me if I don't like it I can get out. Letters of neighbors who know me. I the

undersigned declare that I am competent to translate from Spanish into English and that the forgoing is true in the best of my knowledge."

Mr. Hays read a second letter dated June 19, 2002:

"December 31, 2001 – One of the tires has been slashed with nails and a knife. That day we did not see the person that slashed the tire, but a neighbor saw that a young man came out of 305 Maple and slashed the tire.

January 4 2002 – On this day, a Friday, we slept in the living room and we saw a young man coming out of 305 Maple and slashed a tire and then jumped through the bathroom window. On that day we called the police at 2:30 a.m. and reported what we saw. We told the police about the tattoos on the young man and that he lives there. Since then we don't trust them.

January 9, 2002 – We told Mr. Amar Singh that there were three light sockets that did not work in the kitchen and he did not come to fix the problem. Mr. Gabriel Zapeda came to fix the problem January 18, 2002, this was a Friday. Mr. Amar Singh came to the house mad because the worker that had one hand only told him that I was taking pictures of the wood that was rotting. He told me that I should get my things and leave the house. Mr. Singh said that he did not want me to live there anymore.

July 20 2002 – Mrs. Gloria threatened me with a knife. I called the police and they took her in because she was drunk.

I the undersigned declare that I am competent to translate from Spanish into English and that the forgoing is true in the best of my knowledge."

Public Portion of Hearing Closed

Council Member Land stated that if the tenants at 305 ½ Maple have to vacate the property, there are options such as the Lodi House shelter for women and children and the Housing Authority. He supported staff's recommendation.

Mayor Pro Tempore Hitchcock asked staff if it could provide support to Ms. Zapeda's family in terms of police patrol.

Council Member Nakanishi noted that he typically is lenient toward appeals; however, in this case he supported staff's recommendation, due to hazardous electrical wiring and inadequate ventilation that could cause carbon monoxide poisoning.

MOTION / VOTE:

The City Council, on motion of Council Member Land, Hitchcock second, unanimously voted to uphold the actions of the Community Improvement Manager by denying the appeal, affirming the conditions noted, and ordering a ten-day order to vacate.

- G-2 "JOINT PUBLIC HEARING of the Lodi City Council and the Redevelopment Agency of the City of Lodi for the purpose of considering and acting upon the proposed Redevelopment Plan for Lodi Redevelopment Project No. 1 and to consider all evidence and testimony for or against the certification of the final Environmental Report and the approval and adoption of the proposed Redevelopment Plan"

NOTE: Due to a potential conflict of interest stemming from her husband's ownership of property in the Project Area, Mayor Pro Tempore Hitchcock abstained from discussion and voting on this matter and vacated her seat at the dais.

Mayor Pennino called the Special Joint City Council meeting of the Lodi City Council and the Redevelopment Agency of the City of Lodi to order. He announced that the law under which the City Council and Redevelopment Agency will be acting is the Community Redevelopment Law of the State of California.

ROLL CALL OF CITY COUNCIL:

Present: Council Members – Nakanishi, Howard, Land, and Mayor Pennino

Abstaining: Council Members – Mayor Pro Tempore Hitchcock

Absent: Council Members – None

ROLL CALL OF REDEVELOPMENT AGENCY:

Present: Members – Nakanishi, Howard, Land, and Chair Pennino

Abstaining: Members – Vice Chair Hitchcock

Absent: Members – None

Notice thereof having been published according to law, an affidavit of which publication is on file in the Office of the City Clerk, Mayor Pennino called for the Joint Public Hearing of the Lodi City Council and the Redevelopment Agency of the City of Lodi for the purpose of considering and acting upon the proposed Redevelopment Plan for Lodi Redevelopment Project No. 1 and consider all evidence and testimony for or against the certification of the final Environmental Report and the approval and adoption of the proposed Redevelopment Plan. Mayor Pennino reviewed the order of procedure.

As there were no objections by the City Council or the Agency, Community Development Director Bartlam entered the following documents into the record:

- Exhibit 1, the Affidavit of Publication of the notice of joint public hearing, published once a week for four successive weeks in the Lodi News-Sentinel.
- Exhibit 2, the Certificate of Mailing the notice of joint public hearing, together with a statement concerning acquisition of property by the Agency, to each assessee of land in the Project Area as shown on the last equalized assessment roll.
- Exhibit 3, the Certificate of Mailing the notice of joint public hearing to each business and resident in the Project Area.
- Exhibit 4, the Certificate of Mailing the notice of joint public hearing to the governing bodies of each taxing agency within the Project Area.
- Exhibit 5, the Certification of Certain Official Actions that have been taken by the City Council, the City Planning Commission, and the Agency in connection with the proposed Redevelopment Plan.

Mr. Bartlam reported that the Lodi Redevelopment Project Area was initiated in April 2001 with the Council's adoption of the survey area. In September, the Redevelopment Agency accepted the preliminary plan for Project Area No. 1. The Plan was submitted to affected entities and the public for comment. In November, an election was held that confirmed members of the Project Area Committee. In March, a draft Environmental Impact Report (EIR) was completed and circulated for review and comment. In early May, the Planning Commission recommended adoption of the Redevelopment Plan. On May 15, Council called for the joint public hearing.

Mr. Bartlam explained that the intent of the Redevelopment Project Area is to help revitalize, both physically and economically, the area outlined. The area comprises 1,200 acres of land generally bounded by Kettleman Lane on the south, Highway 99 to the east, Turner Road to the north, and a line that incorporates downtown and Lodi Avenue to the west, and continues down Sacramento Street back to Kettleman Lane. Other functions of the Redevelopment Agency are to stimulate private investment and improve housing conditions and infrastructure. The Redevelopment Agency represents a financial tool that staff believes is necessary in order to affect changes in the area and meet the goals stated.

Ethan Walsh of McDonald, Holland, and Allen, Special Counsel to the Redevelopment Agency, stated that the Redevelopment Plan is an enabling plan, or charter of authorities, which establishes goals for the Agency for the redevelopment and revitalization of the project area. It grants the Agency certain powers within the project area and enables an Agency to perform certain actions. The Redevelopment Plan authorizes the Agency to

construct public improvements such as storm drain, waste water, and water distribution improvements in the eastside neighborhood along Cherokee Lane and in downtown Lodi. It enables them to: 1) construct parking improvements in commercial areas in the project area; 2) to assist in development of facilities that will serve the residents of the project area including a community center, a library, and an education and training center; 3) to construct landscaping improvements to public parks, parking lots, and streets; and, 4) the improvement of street signs and street lights in downtown residential neighborhoods and other areas within the project area, as well as the construction of new sidewalks and widening of existing sidewalks in downtown Lodi residential areas and other areas within the project area. The redevelopment plan also authorizes the Agency to provide economic development and assistance to business owners such as low-interest loans and grant funds to property owners for rehabilitation, seismic strengthening and historic preservation of commercial, industrial, and residential buildings, as well as assistance for façade improvements in the downtown and other parts of the project area. In addition, the plan authorizes the increase and improvement of housing supply through the rehabilitation programs and new housing construction. It provides opportunity for owner participation in the redevelopment of the project area. It authorizes the Agency to: 1) sell property for the development in accordance with the Redevelopment Plan; 2) to acquire property within the project area by any lawful means including the use of eminent domain; 3) to establish land use controls to ensure that development is consistent with the City's General Plan; and 4) to finance its activities through a variety of sources. These include financial assistance from the state or federal government, bonds, donations, loans from private financial institutions, and money from the sale or lease of Agency owned property, as well as the use of tax increment funding.

In reference to tax increment funding, Mr. Walsh explained that if debt is incurred by the Agency after the adoption of the Plan, the Agency will receive property tax, which is attributable to the increase above the base year assessed value that has occurred after the adoption of the Plan. These are monies that would usually go to other taxing agencies, but instead they will be shared by the Agency and affected taxing agencies based on formulas established by state law. Tax rates will not be raised through the use of this mechanism and it will not result in increased property taxes to people either inside or outside of the project area.

Mr. Walsh reported that the Redevelopment Plan contains the following limitations: 1) The Agency may not incur debt beyond 20 years from the date of the adoption of the Plan; 2) The duration of the Plan is from 30 years from the date of the adoption of the Redevelopment Plan; 3) The Agency may not receive tax increment and therefore may not repay indebtedness with tax increment beyond 45 years from the date of adoption of the Redevelopment Plan; 4) The maximum amount of bonded indebtedness that can be outstanding at one time is \$100 million; and 5) Twenty percent of the tax increment received by the Agency must be used for low- and moderate-income housing.

In answer to Council Member Howard, Mr. Walsh explained that median income is set by the United States Housing Urban Development Department, of which 80% of that amount is low income, and moderate income is up to 120%.

Mr. Bartlam stated that for a family of four, low income is \$38,000 annually.

In reply to Council Member Nakanishi, Mr. Walsh stated that there is no increase in taxes inside or outside the property based on the use of tax increment funding. Taxes incrementally go up based on increases in assessed property value. There is a slight increase of taxes based on Proposition 13, which is part of the California Constitution. Due to the use of tax increment funding there is no increase of property tax that is attributable to that funding mechanism.

Mr. Bartlam explained that the redevelopment program itself has no impact on how property taxes are assessed. There are three ways in which property taxes can increase. The County Assessor has the ability to increase property taxes based on inflation, with a

maximum of 2% a year. Property can be reassessed because of improvements made to it or it can be reassessed upon sale of property. Taxes are not increased by virtue of Agency action. The reason for redevelopment is to make changes in negative influences that are occurring within the project area. Increases in value are a positive byproduct. It also is the goal of the Redevelopment Agency to see the crime rate in that area drop. Tax increment is generated from increases in value.

Council Member Land asked how the Redevelopment Project would affect a homeowner living in a new house at 128 ½ East Flora Street, who had no intention of moving or making any improvements to the property.

Mr. Walsh replied that the Redevelopment Project might have no direct affect on the property described by Mr. Land; however, it could improve the blighted areas surrounding the home.

Mr. Bartlam explained that the intent of the Agency in the Redevelopment Area is to provide rehabilitation dollars for property owners who wish to make improvements and to do public improvement of infrastructure. The Redevelopment Agency does not bring with it any new sets of rules, regulations, or new standards for property maintenance or condition. The Agency has no ability to raise property taxes.

Council Member Nakanishi expressed concern about potential use of eminent domain. He stated that if someone wanted to build a supermarket in the Redevelopment Area, the Agency has the power to take property and sell it to the developer. The Council's eminent domain authority has more restrictions and requirements.

Mr. Bartlam stated that the Council can acquire property for a range of public purposes and the Redevelopment Agency has the ability to use eminent domain for private development purposes. He noted, however, that it is not economically feasible to buy neighborhoods. In addition, the Redevelopment Plan designates residential conservation areas and states to rehabilitate, make improvements, and strengthen neighborhoods – not change them. The Redevelopment Plan does not change the current General Plan or Zoning Code of the City.

As there were no objections by members of the City Council or the Agency, the proposed Redevelopment Plan was made a part of the record as Exhibit 6.

Mr. Walsh explained that the purpose of the hearing is to consider evidence and testimony for and against the adoption of the Redevelopment Plan. Evidence will be introduced for consideration by the Council and the Agency in connection with the findings and determinations that must be made in the ordinance adopting the Redevelopment Plan. The required findings and determinations are contained in Health and Safety Code Section 33367 and the major evidentiary findings include the following:

- A finding that the project area is a blighted area, meeting the legal qualifications prescribed by the legislature, and redevelopment of the project area is necessary to effectuate the public purposes described in the Community Redevelopment law;
- A finding that the adoption and carrying out of the Redevelopment Plan is economically sound and feasible;
- A finding that the Redevelopment Plan conforms to the City's General Plan.
- A finding that the condemnation of real property, as provided for and the Redevelopment Plan, is necessary to the execution of the Redevelopment Plan.

Mr. Walsh noted that there are other required statements and determinations set forth in the proposed ordinance adopting the Redevelopment Plan, but those mentioned are the major evidentiary findings. Evidence supporting these plans is contained principally in the Agency's Report to the City Council.

Libby Seifel, Principal of Seifel Consulting, announced that she would summarize the Report of the Agency to the City Council, which comprises the basic supporting documentation for the Redevelopment Plan and the ordinance which will adopt the Redevelopment Plan. Since the report has been previously submitted to and reviewed by the Agency and the City Council and has been available for public inspection, Ms. Seifel stated that she would only cover pertinent parts of the Plan in summary fashion. Her testimony would also supplement the facts contained in the report and would be considered as part of the report. She explained that the purpose of the report on the plan to the City Council and Agency is to provide the Council, Agency and interested parties with the analysis and documentation required pursuant to California Redevelopment law. It presents the existing conditions within the project area. It describes the proposed redevelopment activities. It projects potential tax increment revenue and demonstrates the financial feasibility of the proposed project. The goals of the Lodi Redevelopment Project are to revitalize physically and economically blighted areas, to stimulate private investment, and to improve the housing conditions and infrastructure. In addition, it provides tax increment funds for redevelopment activities. These tax increment funds will be only reinvested within the project area to improve the project area. Two findings have to be made within the Redevelopment Project with respect to both adverse physical and economic conditions. Under the law, in order to make the blight findings it was necessary to evaluate the presence of deficient or deteriorated buildings, factors that inhibit the proper use of buildings or lots, incompatible uses, substandard lots, and multiple ownership. In addition, review was done of adverse economic conditions including depreciated values or impaired investment opportunities for private owners. The economic indicators included distressed buildings, vacancies, under utilization, the lack of neighborhood commercial facilities, residential overcrowding, problem businesses, and high crime rate. In preparing the analysis, field surveys were conducted. The building condition of the 3,382 structures within the project area were rated and photographic evidence was provided. There was an independent environmental analysis prepared, which was contained in the draft and final EIR. Economic analysis was accomplished and numerous discussions and field surveys with City staff took place. In summary, the findings on the physical side were that there were deteriorated structures. The eastside of Lodi contains the oldest housing and building stock in the City. Many of the structures are over 100 years old. There are a lot of historic buildings in the downtown area; however, there is a significant amount of deterioration. There are code compliance problems including dangerous buildings. There are un-reinforced masonry brick buildings in the downtown that need to be upgraded. There are unoccupied dilapidated and abandoned structures in various parts of the project area including an abandoned theater on West Lodi Avenue. There are deficient public improvements dealing with water and sewer systems, blighting, and road conditions. There are soils and groundwater contamination issues within the project area and a variety of conditions of incompatible land uses that abut one another creating health and noise problems for adjoining uses. There are also public improvement deficiencies. In terms of economic conditions, it was found that commercial lease rates in the project area are significantly lower in the downtown and along Cherokee Lane than in the rest of Lodi. There are declining retail sales tax and retail sales in the downtown, East Kettleman Lane, West Lodi Avenue, and Cherokee Lane. The housing values in the project area are typically 20% to 40% less than the rest of the City. The Transient Occupancy Tax receipts have been declining in the project area as compared to lodging establishments Citywide. There are high vacancies in the downtown. It is estimated that there is a vacancy of 20% to 25% of storefronts on the ground floor and many of the upper floors are vacant. There is overcrowding throughout the eastside neighborhood for a large number of households, particularly renter households, and the crime rate is much higher in the project area than the rest of the City as a whole. There is soil and groundwater contamination, which is adversely affecting property values and making it more difficult for owners because they would have the burden of that cleanup cost.

Ms. Seifel reported that in terms of the Redevelopment Program, there is an economic development component, a building rehabilitation façade improvement and historic preservation program, public infrastructure and facility program, a neighborhood

preservation circulation and landscape improvement program, a site preparation and development program, and an affordable housing program. The Redevelopment Program reflects City goals and policies. Examples of non-housing activities that are being considered include financial assistance to business organizations, programs to attract and retain business, encourage office use, develop design guidelines to enhance the downtown and other areas, seismically strengthen buildings, redevelop dilapidated buildings, do parking improvements, emphasize storm drainage, wastewater and water distribution improvements, to provide services to residents such as the community center or library improvements that are needed, and to help build a pedestrian and bike network to the downtown from the train station. In addition, for the housing program the City wants to encourage home ownership and renovation of properties, to develop new affordable housing for households at or below 120% of median income with an emphasis on persons at or below 50% of median income and provide funding assistance for rehabilitation and development of housing for the elderly in the community. As the Redevelopment Agency, 20% of the tax increment dollars that are generated by the project will be pledged and used for affordable housing activities. There is an obligation on the part of the Redevelopment Agency to make sure that 15% of all publicly or privately developed housing within the project area (that the Agency does not directly develop) must be affordable to persons at or below 120% of median income and of that, 40% (of 15%) for a total of 6% must be affordable to very low income households. Over the life of the Redevelopment Project, new construction of approximately 74 affordable units is projected through the production obligation, and 136 substantially rehabilitated affordable units, for a total affordable unit count of 210. This would ensure that the Agency exceeded its production obligations.

Ms. Seifel stated that tax increment financing will be a key revenue source for the Redevelopment Agency; however, those funds will be leveraged and supplanted with other funds, e.g. gas tax funds, enterprise funds, and community development block grant funds. If the private sector were to come in and do redevelopment, they would be required to participate as part of the project with their own private investment even if the Redevelopment Agency is assisting. Over the life of the Redevelopment Project, projected in today's dollars, there would be approximately \$41 million available for projects, less the housing program fund requirements of \$12 million, and less the administrative expenses for non-affordable housing of \$2.9 million, and less the program funding requirements that are estimated at \$24 million, there would be a funding surplus of \$2 million. The report on the Plan also contains a five-year implementation plan, which sets out goals and objectives for the first five years of the Redevelopment Plan. An analysis of the preliminary plan was submitted to Council this fall. There is a synopsis of the Planning Commission actions that were taken on this Plan, a summary of the public review and meetings of the Project Area Committee, and a report of the County Fiscal Officer and neighborhood impact report.

In reply to Council Member Howard, Ms. Seifel stated that redevelopment provides a unique set of tools. It enables a community to fundamentally reinvest dollars that are generated within a project area into that project area to enhance it and to alleviate adverse physical and economic conditions. There is no other economic development program in this state. Redevelopment is the only economic development tool that is given. For property owners or renters on the eastside, the City is in the process of trying to do infrastructure improvements, but it does not have sufficient funds in its capital improvement program to do the amount of infrastructure improvements that are needed. The Redevelopment Program will provide dollars faster and sooner to enable those improvements to be done.

In answer to Council Member Land, Mr. Bartlam stated that copies of the Redevelopment Plan are available for the public at the Library, Community Development, the City Clerk's Office, and it will soon be posted on the City's Web site.

Council Member Nakanishi asked what the price of an affordable home would be for an individual earning \$30,000 a year.

Ms. Seifel stated that the rule of thumb for the amount of home a person can afford is three times annual salary. She acknowledged that there are very few homes available in Lodi for \$90,000.

Council Member Nakanishi countered that due to these facts, it appears unlikely that the Redevelopment Plan will be successful in accomplishing its affordable housing goals.

Ms. Seifel replied that the funds created through the Redevelopment Program will create homes that are affordable. The homes will be priced to be affordable. The Agency would provide a subsidy to assist households through a second deed of trust.

Mr. Bartlam reported that the City currently spends approximately \$200,000 on down payment assistance for homebuyers. He stated that without the program, 20 to 25 homebuyers a year would not be able to afford to enter into the ownership market. He believed that the Redevelopment Plan would enable the City to provide more assistance and noted that 30 people are now on a waiting list and no funds are available. He added that Habitat for Humanity is another example of how affordable housing can be accomplished.

Council Member Land noted that there is a lot of money available in the private sector for this purpose as well. As an example, he reported that the company he is employed with offers a \$10,000 matching fund to first-time homebuyers of families that are of low and moderate income. The property at 128 ½ Flora Street is a new house that was built by the Housing Authority for less than \$100,000.

As there were no objections by members of the City Council or the Agency, the Report of the Agency to the City Council was made a part of the record as Exhibit 7.

Mr. Bartlam reported that the Project Area Committee (PAC) was established by election of both property owners and residents within the area. The nine members of the PAC began meeting in November and have met seven times. They have reviewed all documents and made comments. On May 21 the PAC unanimously recommended that the Agency and Council approve the Plan.

As there were no objections by members of the City Council or the Agency, the Report and Recommendations of the Project Area Committee were made part of the record as Exhibit 8.

Mr. Bartlam stated that a draft EIR was prepared and completed in March 2002. It was circulated for public comment and review and was closed in April at a Planning Commission public hearing. There were three written comments from public agencies, the Air Quality Control District, State Department of Toxic Substance Control, and State Department of Transportation. The comments were technical and informational in terms of follow up issues to deal with once specific projects are entertained and recommended. The draft and final EIR are complete and contain all the required elements of the California Environmental Quality Act. The draft EIR identifies 21 potential impacts of developing this program over the course of the next 45 years. Those impacts can be mitigated to a less than significant level with the exception of cumulative air quality. Mr. Bartlam explained that cumulative air quality within this County or Valley cannot be achieved by any mitigation that could be proposed. Staff is recommending a number of mitigation measures to try and lessen the impact; however, Council and Agency are required in the resolutions presented this evening, to provide a statement of overriding consideration to proceed with this Plan even though the one cumulative air quality impact exists. Staff recommended that Council and Agency certify the final EIR with the two resolutions presented.

As there were no objections by members of the City Council or Agency, the Final Environmental Impact Report, as submitted, was made part of the record as part of the Report to the City Council, separately identified as Exhibit 9.

Mr. Bartlam stated that the Redevelopment Agency entertained owner participation rules for property owners and businesses at its May 15 meeting and took action for approval.

As there were no objections by members of the City Council or the Agency, the Owner Participation Rules, as adopted by the Agency, were made part of the record as Exhibit 10.

Mr. Bartlam reported that one e-mail message was received this afternoon from Barbara McWilliams whose comments were favorable to the adoption of the project area in the Plan. Her comments focused on the matters listed under Items B-2 and G-2 on the agenda, i.e. the ability for tax increment housing funds to be utilized outside the project area. Ms. McWilliams is opposed to that and feels that the investment of those tax increment funds should be made completely within the boundaries of the project area itself. Mr. Bartlam stated that this was the only written document received either for or against the Plan, and he placed the comment into the record as Exhibit 11.

Chuck Easterling, Chairman of the PAC, stated that the members of the PAC were elected in November 2001 by the public. Over a period of seven months the PAC reviewed all of the documentation and recommended that the Agency adopt the Redevelopment Plan. He personally voiced support for the Plan and introduced members of the PAC: Vice Chair Eddie Aguirre, Secretary Connie Jauregui, Beth Griffin Latta, Ann Larsen, Laura Mayate-DeAndreis, Deane Savage, Virginia Snyder, and Sunil Yadav. Mr. Easterling noted that if enacted, for the first five years of the Redevelopment Plan, the PAC will serve as the people's voice to make recommendations to the Agency.

Ann Larsen stated that the Eastside Improvement Committee supports the Redevelopment Plan.

Eddie Aguirre noted that he is one of the Business Owner-Tenant representatives on the PAC and stated that he believed positive changes will result for the City and residents through the Redevelopment Plan.

Council Member Howard commented that the fact that the PAC supports the Plan "says quite a lot."

Hearing Opened to the Public

- Michelle Lemley stated a member of her family owns a business building in the downtown area and though many improvements have been made, blight continually returns because of the homeless and vagrants in the area. She asked how the Redevelopment Plan would help this situation and if grants or low-interest loans are available through the City.

Mr. Bartlam replied that the Plan is a program document and has a mechanism to deal with housing. He stated that the City accepts applications for a down payment assistance program for first-time homebuyers and for residential rehabilitation. There are incentive programs for the downtown area including façade improvement, electric discounts for new businesses, as well as energy rebates for businesses and homeowners.

- Lew VanBuskirk, Executive Director of the Downtown Lodi Business Partnership (DLBP), stated that the DLBP is in favor of the Redevelopment Plan and urged Council to vote in favor of it.
- John Talbot stated that he spoke in opposition to the Plan when it was introduced two years ago and has appeared today to protest the adoption of Lodi Redevelopment Project No. 1 and the final EIR. He noted that Cain Electric on the corner of Lockeford and Church Streets has been serving the public for over 55 years from that

location. It has been documented by the Redevelopment Agency to be a blight. Mr. Talbot did not believe an agency of the government should have the responsibility of making such a statement against a private business. In addition, he stated that the right of eminent domain should not be given to the Lodi Redevelopment Agency, as it is a threat to private property owners.

Council Member Land stated that there is a piece of property on east Lodi Avenue and Washington Street with used tires on it and asked Mr. Talbot if he thought the Council should do something about it.

Mr. Talbot replied that he did not.

Council Member Howard asked Mr. Talbot if he thought the presentation given tonight on the Redevelopment Plan was helpful.

Mr. Talbot stated that it was not helpful to him, as he had already read the Plan and believed that it overemphasized blight conditions and did not show a balanced picture.

- Jan Cutler asked for clarification on who the members of City Council and Redevelopment Agency were, to which Mayor Pennino stated that they are the same.
- Dorothy Mehrer stated that in spite of how people are picturing the eastside of Lodi, there are many nice, hardworking middle-class people living in the area and it is not all crime and blight. She stated that many people cannot afford to buy homes and asked where these citizens will go if an investor wants to build in the Redevelopment area and eminent domain is used to obtain property for this purpose. She pointed out that not everyone is financially able to maintain their homes and believed that the poor in Lodi are treated unfairly. She stated that Council has been doing a good job toward improving water infrastructure, streets, and parks on the eastside without the Redevelopment Agency.

Mr. Bartlam stated it would not make economic sense to use eminent domain as Ms. Mehrer suggested. He reported that a standard eastside residential block has ten lots with houses worth about \$125,000 each. In this scenario, a block would be worth \$1.25 million. Developable residential land for new houses in Lodi costs \$120,000 an acre. A block is 1.2 acres and would be worth \$150,000. He stated that the intent of the Plan is to assist residents such as Ms. Mehrer in making improvements to their property. The Plan does not change the zoning or land use designations.

Council Member Nakanishi asked why the City needs the Redevelopment Plan if there are affordable homes now on the eastside, as has been mentioned.

- John Moses stated that he has been rehabilitating a home at 341 ½ E. Walnut Street for the past eight months and hoped to rent the dwelling to a senior citizen for \$850 a month. He believed the home was valued at \$150,000 and stated it meets all building codes; however, the lot and position of the home on the property is not up to current codes.

Mr. Bartlam reported that the streets of Walnut, Oak, Elm, and Pine are in residential areas that the Plan highlights as a location to strengthen – not demolish and remove. Virtually any lot on the eastside has a nonconforming grandfathered situation. He assured Mr. Moses that the property on which he is rehabilitating would fall under the grandfather clause.

In reply to Council Member Land, Mr. Bartlam stated that property on Walnut Street north of Lodi Avenue is in the historic preservation area.

- Alice Dodson stated that she lives on a half lot and noted that she received a letter from the City stating that it can take property away if it does not meet code requirements, and in particular, irregular lots are being considered.

Mr. Bartlam explained that irregular lots that are considered to be problematic by virtue of this Plan are industrial and business lots 50 by 50 in size. He confirmed that alley lots and residential property with small lots are not subject to acquisition or condemnation.

- Larry Lorenz stated that he was born on the 200 block of north Garfield Street. He declared that those responsible for what was done to that area should all be sent to jail. He expressed concern about apartments being built on the eastside through the Redevelopment Plan. He pointed out that the current Council may have good intentions; however, if members in the future are real estate agents, as they have been in the past, there could again be negative impacts.

Council Member Nakanishi agreed with Mr. Lorenz' statements and noted that ten years from now there will be a new Council and possibly a new City Manager and objectives may change.

- Richard Galantine introduced himself as a survivor of the Cherokee Redevelopment District. He stated that he is now \$20,000 in debt and rent has been devalued by 25%. He noted that the Redevelopment Plan sounds like something for nothing, which is an illusion. He asserted that he trusts in a free enterprise system and private property rights, and noted that government typically wants to take those rights away. He reported that the City forced him to put a foundation under a house built in 1915 and no grandfathering clause protected him. He believed that the Redevelopment Plan will simply be about private investors getting a return on their investments and the result will be higher costs passed on to residents and tenants.
- Dawn Squires stated that she worked for the federal government for 31 years and for 26 years they told everyone there was a grandfather clause, until one day they eliminated it, and many businesses were lost because of it. She noted that she is a handicapped senior citizen and cannot physically take care of the exterior of her property any longer.
- Sue Pixler asked for clarification regarding small and irregular lots on the eastside.

Mr. Bartlam reiterated that references to small and irregular lots were focused on commercial and industrial purposes. No residential small or irregular residential lots will be targeted for acquisition or condemnation. He confirmed that the term "blighted" is not subjective and has a legal definition.

Ms. Pixler emphasized the importance of encouraging diversity between the Redevelopment Area and the rest of the community. She warned that having a mindset toward ghettoization, i.e. placing all low-income businesses and houses on the eastside, would be very detrimental to the community.

Mayor Pennino stated that citizens will see affordable housing in all sections of the community in the future.

- Randy Kuwamoto asked if there would be a specific time period allowed for individuals to fix up their property in the Redevelopment Area.

Mr. Bartlam explained that assuming there are no life safety issues, there will be no requirement for owners to make changes to their property. He stated that there are no requirements that units be occupied; however, abandoned properties must be secured.

- Lou Kastan noted that the Plan states "as funds are generated" and asked where these funds will be coming from. He stated that he is already taxed on Cherokee Lane and the school bond that was recently passed will tax him further. He expressed concern about the City using a Special or Municipal Assessment District.

Mr. Bartlam explained that property taxes increase by three mechanisms. When property is purchased its value is typically higher than what the previous owner paid for it. The difference between the new value and the old value is where the funds come from. These funds are distributed to eight separate taxing entities. Once the Redevelopment Plan is enacted, the distribution changes and the eight entities will get 20 cents on the dollar, with 80 cents on the dollar going to the Agency for improvements and programs outlined in the Plan.

Mr. Kastan asked how Cherokee Lane was taxed.

Mr. Bartlam reported that the majority of owners on Cherokee Lane and the downtown area chose to tax themselves as an assessment district. A vote was taken and ratified by the Council.

Mr. Kastan replied that the property owners on Cherokee Lane formed a committee and voted against it. He stated that the City Council "threw in their property" and said their vote was two to one and "shot us down."

- Virginia Lahr stated that Lodi desperately needs housing for low-income residents. She believed that a lot of assistance is needed on the eastside and voiced support for the Redevelopment Plan.

As there was no further testimony or evidence to be received, Mayor Pennino entertained a motion to close the hearing.

Public Portion of Hearing Closed

The City Council, on motion of Council Member Land, Howard second, closed the public hearing. The motion carried by the following vote:

Ayes: Council Members – Howard, Land, Nakanishi, and Mayor Pennino
Noes: Council Members – None
Absent: Council Members – None
Abstain: Council Members – Hitchcock

Mr. Walsh announced that given there were no written objections to the Plan, the Agency may proceed with consideration of the Redevelopment Plan.

RDA MOTION #1 / VOTE:

The Redevelopment Agency, on motion of Member Howard, Land second, adopted Resolution No. RDA2002-05 certifying the completion of the final Environmental Impact Report for the proposed Redevelopment Plan for Lodi Redevelopment Project No. 1; adopting a statement of findings, facts, and overriding considerations; and adopting a Mitigation Monitoring Plan. The motion carried by the following vote:

Ayes: Members – Howard, Land, and Chairperson Pennino
Noes: Members – Nakanishi
Absent: Members – None
Abstain: Members – Hitchcock

RDA MOTION #2 / VOTE:

The Redevelopment Agency, on motion of Member Land, Howard second, adopted Resolution No. RDA2002-06 finding that the use of taxes allocated from Lodi Redevelopment Project No. 1 for the purpose of increasing, improving, and preserving the community's supply of low- and moderate-income housing outside the Project Area will be of benefit to the project. The motion carried by the following vote:

Ayes: Members – Howard, Land, and Chairperson Pennino
Noes: Members – Nakanishi
Absent: Members – None
Abstain: Members – Hitchcock

COUNCIL MOTION #1 / VOTE:

The City Council, on motion of Council Member Land, Howard second, adopted Resolution No. 2002-131 considering and making findings as to the final Environmental Impact Report for the proposed Redevelopment Plan for Lodi Redevelopment Project No. 1; adopting a statement of findings, facts, and overriding considerations; and adopting a Mitigation Monitoring Plan. The motion carried by the following vote:

Ayes: Council Members – Howard, Land, Nakanishi, and Mayor Pennino
Noes: Council Members – None
Absent: Council Members – None
Abstain: Council Members – Hitchcock

COUNCIL MOTION #2 / VOTE:

The City Council, on motion of Council Member Land, Howard second, adopted Resolution No. 2002-132 finding that uses of taxes allocated from the Lodi Redevelopment Project for the purpose of increasing, improving, and preserving the community's supply of low- and moderate-income housing outside the project area will be of benefit to the project. The motion carried by the following vote:

Ayes: Council Members – Howard, Land, and Mayor Pennino
Noes: Council Members – Nakanishi
Absent: Council Members – None
Abstain: Council Members – Hitchcock

COUNCIL MOTION #3:

Council Member Land made a motion, Howard second, to introduce Ordinance No. 1713 adopting the proposed Redevelopment Plan.

DISCUSSION:

Council Member Nakanishi stated that he would be voting no because of the risk involved. He believed the Redevelopment Plan would give too much power to future Council Members and the Redevelopment Agency. He cited the following concerns as reasons for his opposition: 1) It is a debt vehicle; 2) Potential use of eminent domain; and 3) It will be imperative to have people with a keen business sense in the future to make decisions related to this matter.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Howard, Land, and Mayor Pennino
Noes: Council Members – Nakanishi
Absent: Council Members – None
Abstain: Council Members – Hitchcock

There being no further business, Chairperson Pennino adjourned the Special Joint meeting of the Lodi City Council and the Redevelopment Agency of the City of Lodi, and Mayor Pennino reconvened the meeting of the City Council at 10:05 p.m.

RECESS

At 10:05 p.m., Mayor Pennino called for a recess and the City Council meeting reconvened at 10:18 p.m.

NOTE: Mayor Pro Tempore Hitchcock returned to her seat at the Council dais.

H. COMMUNICATIONS

H-1 Claims filed against the City of Lodi – None

H-2 The following report was presented to the City Council:

a) Planning Commission report of May 8, 2002

H-3 The following postings/appointments were made:

- a) The City Council, on motion of Council Member Howard, Hitchcock second, unanimously directed the City Clerk to post for the following expiring terms:

Greater Lodi Area Youth Commission (adult advisors)

Richard Dean (LUSD Rep.) Term to expire August 30, 2002

Jeff Fleak Term to expire August 30, 2002

H-4 Miscellaneous

- a) City Clerk Blackston presented the cumulative Monthly Protocol Account Report through May 31, 2002.

I. REGULAR CALENDAR

- I-1 "Adopt resolution authorizing the City Manager to provide funding in the amount of \$35,000 to fund the Public Benefits Program Grant – Lodi Solar Education Outreach Pilot Project"

Rob Lechner, Manager of Customer Programs, reported that the Lodi Solar Education Outreach program allocates \$35,000 in public benefit grants to the Utility to earmark for the purchase of solar education kits. The kits will be given to Lodi Unified School District (LUSD) and four private schools. The Utility and LUSD are now in the process of developing curriculum for the program.

MOTION/ VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Nakanishi second, unanimously adopted Resolution No. 2002-133 authorizing the City Manager to provide funding in the amount of \$35,000 to fund the Public Benefits Program Grant – Lodi Solar Education Outreach Pilot Project.

- I-2 "Adopt resolution authorizing the City Manager to provide funding in the amount of \$47,000 to fund the Public Benefits Program Grant – Lodi Green Mower Project"

Rob Lechner, Manager of Customer Programs, reported that the Lodi Green Mower program allocates \$47,000 in public benefit grants. On July 13, 2002 Black and Decker electric lawnmowers will be available for purchase. Customers will receive a voucher for \$200 toward the lawnmowers with a remaining purchase price of \$192. The lawnmowers have a standard 90-day warranty.

MOTION / VOTE:

The City Council, on motion of Council Member Land, Hitchcock second, unanimously adopted Resolution No. 2002-134 authorizing the City Manager to provide funding in the amount of \$47,000 to fund the Public Benefits Program Grant – Lodi Green Mower Project.

- I-3 "Adopt resolution approving the concept design and authorizing the City Manager to execute a professional services agreement with George Miers & Associates for final design and construction administration services for the new Animal Services Facility, East Guild Avenue (\$36,000)"

City Manager Flynn stated that the action requested will be only to approve the concept design, not the contract.

George Miers introduced himself as the architect for the animal services facility. He reported that in 1998 the State of California passed the Hayden Bill, which extended the holding time for animals and added requirements to care for sick and injured animals. Many older facilities did not have the ability to accommodate these new requirements and it resulted in two-thirds of the animal shelter facilities in California being remodeled or

completely rebuilt. Mr. Miers stated that the design for Lodi's new animal shelter is based on a 10-day extended adoption, plus the five-day state adoption requirement. The facility is 18,000 square feet, includes both indoor and outdoor areas, and is acoustically designed so that no sound will be audible from the outside. Entrances and exits were designed so that there is no cross contamination of animals and disease transfer. The front entrance has a deinstitutionalized image and provides a friendly, public accessible and positive experience for visitors in an effort to encourage adoptions. Mr. Miers described the site and layout for the facility.

In answer to Mayor Pro Tempore Hitchcock, Mr. Miers reported that he met with staff and the Animal Shelter Task Force on many occasions. He noted that George Miers & Associates has designed a large majority of the new facilities built in California and elsewhere across the country.

In reply to Council Member Nakanishi, Mr. Miers stated that the current animal shelter is 2,100 square feet. The staffing ratio to both City population and the number of animals held is one of the lowest in the state.

In response to Council Member Howard, City Manager Flynn confirmed that currently animal licensing is done at both the Finance Department and the Animal Shelter facility.

Captain Main reported that the Animal Shelter now has three full-time and one part-time Animal Control Officer, two part-time kennel aids, and ten volunteers.

PUBLIC COMMENTS:

- Linda Hansen, member of the Lodi Animal Shelter Task Force, believed that the new shelter as designed by Mr. Miers, and future operations plans, will further Chief Adams' goals for community oriented policing. The new shelter will be a source of pride and a facility that the community can be included in.

Mayor Pennino announced that earlier today Ms. Hansen suggested that Council, shelter staff, and Task Force members schedule a special meeting at the current facility to discuss plans for the shelter and the volunteer program.

In reply to Council Member Nakanishi, Mr. Flynn acknowledged that there is a need for additional staff at the shelter; however, he was unsure as to the number at this time.

Discussion ensued regarding the concept of basic and enhanced levels of design. In this concept, fundraising dollars would be used to pay for the enhanced elements of projects.

Mayor Pro Tempore Hitchcock pointed out that other projects were approved by Council as submitted and stated that the Council should consider all of them equitably.

- Susan Pixler elaborated on work that led up to the proposed shelter and efficiencies that were designed into the facility. The Task Force and architect incorporated cost saving measures in the design. She expressed concern about delaying the contract approval. She asked whether it is now a City policy that 10% of funding for capital projects must come from private donations.

Mayor Pennino stated he had previously recommended that 10% of facilities be paid by donations. He also recommended that this contract not be approved tonight to allow staff additional time to review the project and thus eliminate problems the City has experienced recently with change orders.

- Rose Hilliard stated that she is the director of Cat Connection. She expressed concern about the delay of the contract and asked what precisely the Council or staff did not approve of in the design or cost of the proposed shelter facility.

Mr. Flynn stated that City staff is not in agreement at this time on the shelter and preferred to wait until basic and enhanced levels could be delineated.

Public Works Director Prima reported that the shelter cost estimate for construction was \$3.8 million. He noted that the land was purchased by Electric Utility for their corp. yard. The cost for the land used by the shelter amounts to \$95,000. This amount would need to be added to the budget for this project if the cost for the land is to be reimbursed.

Mayor Pennino believed that the land cost should be reimbursed to the Electric Utility. He noted that the shelter has a "no kill" goal and suggested that the euthanasia facility not be included in the project, and if needed it could be contracted out, as well as spay and neutering services.

Council Member Howard expressed her opinion that the project is complete, detailed, and well thought out. She did not anticipate that change orders would be necessary.

Council Member Land was in favor of not taking action on the contract and preferred that staff conduct further review and bring it back to Council in 30 days.

Mayor Pro Tempore Hitchcock pointed out that no other group was asked to bring forward basic and enhanced project designs. She asked what had occurred between today and last Friday when Council received the packet and agenda, which requests authorization for the City Manager to execute a professional services agreement with George Miers & Associates for final design and construction administration services.

Mr. Flynn replied that staff had a suggestion for basic and enhanced design levels, which have not yet been coordinated with the Task Force.

In reply to Council Member Nakanishi, Mr. Flynn stated that he is not concerned about operation and maintenance costs of this facility.

In answer to Council Member Howard, Mr. Miers remarked that he had to redesign the police building five times and did not ask for more money. He noted that if changes were made to the shelter facility, it would likely be to downsize it. This project could be bid with alternates, in which case he did not believe the changes would have an affect on the architectural engineering fees.

MOTION #1 / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Howard second, unanimously adopted Resolution No. 2002-135 approving the concept design for the new Animal Services Facility, East Guild Avenue.

MOTION #2 / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Howard second, authorized the City Manager to execute a professional services agreement with George Miers & Associates for final design and construction administration services for the new Animal Services Facility, East Guild Avenue. The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Howard, Land, and Nakanishi

Noes: Council Members – Mayor Pennino

Absent: Council Members – None

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

The City Council, on motion of Council Member Howard, Pennino second, voted to continue with the remainder of the meeting following the 11:00 p.m. hour. The motion carried by the following vote:

Ayes: Council Members – Howard, Land, Nakanishi, and Mayor Pennino

Noes: Council Members – Hitchcock

Absent: Council Members – None

I. REGULAR CALENDAR (Continued)

- I-4 “Adopt resolution establishing and adjusting Parks and Recreation facility fees and charges”

Parks and Recreation Director Baltz reported that staff has been reviewing facilities and program fees. As the summer season has now begun, fees for facilities in high demand are being brought forward for Council consideration. He reviewed the proposed facility fees and charges as follows:

- Katzakian Park picnic area – \$15.00 local non-profit; \$30 resident; \$40 non-resident
- Peterson Park picnic area – \$15.00 local non-profit; \$30 resident; \$40 non-resident
- Enzie Pool – \$65 local non-profit; \$75 resident; \$85 non-resident
- Lodi Lake wading pool – \$55 local non-profit; \$65 resident; \$75 non-resident
- Lodi Lake beach area and new pavilion – \$75 local non-profit; \$85 resident; \$95 non-resident

Mayor Pro Tempore Hitchcock asked whether the Lodi Lake pavilion will be rented with loud speakers.

Mr. Baltz replied that the local noise ordinance allows for amplified sound in parks as long as it is not clearly audible more than 50 feet away. Exceptions include park sponsored events such as the Wet-n-Wild, OOH AHH Festival, etc. Rental applications stipulate that amplified sound can be continued only until dusk. He acknowledged that last Saturday a fundraising event was held at Lodi Lake Park for Tokay High School cheerleaders, which involved amplified sound and a number of complaints were received. He stated that these situations are handled on a case by case basis.

Mayor Pro Tempore Hitchcock was opposed to amplified sound being allowed for private rentals. She stated that the residents surrounding the area have complained for over a year, the impact is too great, and they have a right to their privacy.

Mayor Pennino recommended that the issue be brought to the Parks and Recreation Commission and then to Council for a policy decision.

MOTION / VOTE:

The City Council, on motion of Council Member Land, Hitchcock second, unanimously adopted Resolution No. 2002-137 establishing and adjusting certain Parks and Recreation fees and charges.

- E-7 “Adopt resolution authorizing the purchase of Sequel Viewpoint software for use on IBM
E-8 AS400 from Advanced Systems Concepts, of Schaumburg, Illinois (\$10,000)” **AND**
“Adopt resolution authorizing renewal of IBM Operating System software for AS400 from Logical Design, Inc., of Rancho Cordova (\$15,033)”

Information Systems Division Manager Mann reported that the \$10,000 utility software would enable programming staff to be much more efficient and faster in delivery of information. He stated that the software is considered “best of breed,” is highly regarded in the market place, and was developed specifically for AS400 computer systems. Programmers currently have to write data queries using command line technology. He noted that \$5,000 was saved by purchasing four licenses, rather than the company’s

typical minimum of six. Mr. Mann anticipated that within approximately two years, IBM would no longer be supporting AS400 systems. He believed that even if the City changed computing platforms in two years, it will have obtained sufficient benefit from this software purchase.

Mayor Pennino recommended that a Shirtsleeve Session be scheduled for the purpose of discussing future plans for the Information Systems Division.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Nakanishi second, unanimously adopted the following resolutions:

- Resolution No. 2002-138 authorizing the purchase of Sequel Viewpoint software for use on IBM AS400 from Advanced Systems Concepts, of Schaumburg, Illinois, in the amount of \$10,000; and
- Resolution No. 2002-139 authorizing renewal of IBM Operating System software for AS400 from Logical Design, Inc., of Rancho Cordova, in the amount of \$15,033.

- I-5 "Adopt resolution approving the revision to the Market Cost Adjustment billing factor for the Home Comfort Discount related to electric rates"

Electric Utility Director Vallow recalled that the Market Cost Adjustment (MCA) fell heaviest on residential and small commercial customers because staff felt strongly that the rate structure should remain low for large businesses. The Utility cannot afford to remove the MCA; however, with the Home Comfort Discount it hopes to benefit customers paying the surcharge. He explained that the Utility has surplus power, of which the biggest buyer is typically the State. The Home Comfort Discount program will allow Lodi customers the right of first refusal on this surplus energy. If customers use more power this summer they will get a discount off that extra amount. Mr. Vallow reported that models staff has reviewed indicate that customers will use between 10% to 20% more power this summer. In this program, the customers that will be rewarded the most will be those that conserved energy last summer. He stated the Utility wants customers to conserve through energy efficiency measures, not by depriving themselves of the basic comfort that they should have. Mr. Vallow reported that based on the Home Comfort Discount proposal he made to Council two months ago, the California Energy Commission took actions to impose sanctions on the Utility.

Council Member Land reported that at today's Assembly Committee hearing for local government, the City's elected official lashed out and told the Committee that Lodi was telling its customers to use all the energy they wanted. He clarified that, through the Home Comfort Discount program, the City is merely informing its citizens that surplus electricity is available and the City will sell it to them at the same rate it is sold to the State. Addressing Mayor Pennino, Mr. Land pointed out that his employment with Pacific Gas and Electric presents a conflict of interest and indicated that he should not be discussing or voting on issues related to the cost of electricity.

Mayor Pro Tempore Hitchcock agreed with Mr. Land's comment regarding a conflict of interest and noted that the Mayor has typically abstained from these types of discussions in the past.

Mayor Pennino responded that the energy issue has changed, i.e. there is no deregulation.

MOTION:

Council Member Howard made a motion, Nakanishi second, to adopt Resolution No. 2002-140 approving the revision to the Market Cost Adjustment (MCA) billing factor for the Home Comfort Discount (HCD) related to electric rates.

DISCUSSION:

Mayor Pennino noted that the Council has received two letters (filed) from Dan Lewis and Barbara McWilliams requesting small business assistance.

Mr. Vallow stated that staff will look into the requests.

VOTE:

The above motion carried by a unanimous vote.

- I-6 "Adopt resolution approving the 2002/2003 Operating and Capital Improvement Budget for the Fiscal Year beginning July 1, 2002 and ending June 30, 2003, and further approving the 2002/2003 Appropriation Spending Limit"

City Manager Flynn distributed a report from Fitch IBCA, Duff & Phelps (filed), which cited the following strengths of the City of Lodi:

- Strong financial position marked by healthy reserves and diverse revenues
- Sound lease structure
- Manageable debt burden with limited capital needs
- Excellent management and accounting policies and practices, including multiyear budgeting and a seven-year capital plan

Mr. Flynn stated that a press release dated December 17, 2001 reported that the City's financial position is good with adequate reserve levels and diverse sources of general fund revenue. It also stated that prudent long-term planning along with strong management policies and practices also protect the City's fiscal health.

Finance Director McAthie noted that at last Tuesday's Shirtsleeve Session several changes related to the budget were discussed and she outlined them as follows:

- The presentation of the proceeds from the debt financing line item now represents only Electric Utility projects; others were combined under "other sources and uses."
- Council requested a separate line item for infrastructure replacement and it was agreed that that would be instituted in the next two-year budget cycle.
- In the Capital Outlay Fund, the fund balance was increased to show a reserve that was held for the current Certificates of Participation (COP).
- Duplications were found under Capital Projects and have been corrected, i.e. 1) Electric Utility new building and Electric Corp Yard, which were different names for the same project; and 2) Library heating, ventilation, and air conditioning (HVAC) and minor remodel was submitted by both the Library and Public Works.

Ms. McAthie explained that documents submitted to Council tonight (all filed) include: 1) Your City's Budget for Services in 2002-03; 2) Detail for Other Sources and Uses; 3) A list of projects that make up the undetermined funding source line item; 4) Detail on the Debt Service line item; 5) Current status of projects; 6) The Capital Improvement Budget Policy; and 7) An enlargement of budget page G-6.

Ms. McAthie reported that under revenues, the sources equal \$175.6 million and, as discussed at the March 19 Shirtsleeve Session, these are conservative estimates. The list of revenue by major category and sources start on page 21 of the booklet that came with the Council agenda packet. One of the largest sources of revenue is taxes, which amounts to \$24.3 million or 14% of the budget and represents property, sales, and transient occupancy taxes, as well as franchise fees and the in-lieu from enterprise funds. Licenses and permits are projected to be \$1.6 million or approximately 1% of estimated revenues. These include business and pet licenses, and permits such as building, plumbing, mechanical, etc. Fines and Forfeitures represents less than 1% of the estimated budget and includes parking and vehicle code fines, late payment fees, and court fines. Investment revenue represents \$5.1 million or 3% of the Citywide estimated revenue. Revenue from Others is \$15.8 million or 9% of the budget and includes items

such as the vehicle license fees, grants, and one-time Public Employees Retirement System (PERS) adjustments. Service charges represents \$71 million, or 40% of the estimated budget. Other Revenue, which includes donations, damage to property, and Revenue No Other Category, is less than 1% of the estimated budget. The grouping of Other Sources is \$56 million or 32% of the budget and is made up of operating transfers in and out, proceeds from debt financing, and the \$1.5 million set aside. Undetermined Funding Source for projects totals \$42.7 million. Ms. McAthie explained that the undetermined amount is used for planning purposes. Staff will pursue possible funding alternatives and bring back recommendations to Council at a future meeting.

Mayor Pro Tempore Hitchcock suggested that the policy be reconsidered of budgeting at the E-Step instead of actual salary.

Ms. McAthie reported that the total expenditures including increases to fund balances are projected at \$175.6 million. She reviewed significant expenditures and noted that the total operating expenditures are \$58.5 million. Debt service is \$3.9 million or 2% of budgeted expenditures. Capital Projects represents a plan for \$68.1 million or 39% of the budget.

Mayor Pro Tempore Hitchcock asked which of the projects would realistically be started in the 2002-03 fiscal year.

City Manager Flynn replied that the animal shelter, police firing range, fire station 2, and DeBenedetti Park would likely begin during that time period.

Ms. McAthie stated that Other Sources accounts for \$500,000 of projected expenditures. The fund balance Citywide increased \$13.9 million and represents 8% of the budget. The beginning fund balance on the Citywide All Funds Combined was \$32.35 million. The ending fund balance of \$46.3 million shows an increase of \$3.9 million. The General Fund is 14.15% of the expenditures and all the Enterprise Funds are above the 15% City policy target range for reserve. Estimated revenue is \$119.6 million, with the largest portion being Electric Fund revenues of \$53.8 million. General Fund revenues are \$30 million, Wastewater Fund revenues are \$7.2 million, Street Funds are \$7.6 million, and Water Funds are \$6.6 million. The projected expenditures of \$161.6 million is comprised of \$54 million in the Electric Fund, which includes capital and bulk power; \$43.5 million for Capital Projects; \$31.6 million for General Fund expenditures; and \$8.5 million for street work. Estimated Other Sources and Uses are \$56 million, which represents electric bond proceeds, transfers from funds, and Other Sources of Uses of \$49.6 million.

In reply to Mayor Pro Tempore Hitchcock, Public Works Director Prima stated that the site plan for the Electric Utility building needs to be developed in conjunction with the animal shelter project.

Mr. Flynn agreed with Ms. Hitchcock that work should begin soon on the Electric Utility building because the COP requires that the money must begin being spent by the third year and completed by the fifth year, although exceptions can be made.

Mayor Pro Tempore Hitchcock reviewed budget amount differences between what was presented to Council in May and the figures presented today.

Ms. McAthie stated that she did not have the detail to explain the differences at this time.

Mayor Pro Tempore Hitchcock objected to having projects listed in the 2002-03 budget that will not begin until fiscal year 2003-04 or later.

Ms. McAthie explained that the budget is a planning tool and a figure for the total cost of the projects and revenue to offset it was included.

Mayor Pro Tempore Hitchcock stated that the Downtown Lodi Business Partnership (DLBP) should be funded more heavily.

Mr. Flynn replied that staff had originally included DLBP funding of \$47,000 and now recommend \$100,000.

Council Member Land noted that he met with Peter Westbrook and Lew VanBuskirk about a month ago and at a previous Council meeting under Comments by Council he recommended that the City increase support for the DLBP. He recommended funding of \$100,000 this year and reevaluate its needs next year. He asked that collection letters from the City be mailed to the past due accounts that total \$35,000.

Mayor Pennino suggested that DLBP funding of \$53,000 come out of the 2001-02 Contingency Fund and noted that the remaining \$47,000 is in the 2002-03 budget.

Council Member Howard acknowledged that she met with Peter Westbrook this week. She was not in favor of the recommendation to fund the DLBP \$100,000. She recalled that a Special Joint meeting with the Council and DLBP she suggested a tiered funding structure and continues to believe that would be advantageous. She suggested funding of \$60,000 this year and tiering down each year until \$35,000 is reached. She noted that she supports the DLBP and commented that it has goals for the next three to five years, from which the Council should consider a corresponding funding plan.

Mayor Pro Tempore Hitchcock was opposed to using the Contingency Fund as recommended by Mayor Pennino. She explained that for historical purposes it is important to include it in the budget that is being considered at this time. She stated that she approved of the revenues and expenditures as presented in the budget; however, she could not support a 2002-03 budget that included \$25 million worth of projects that will not begin during that time period.

MOTION #1:

Council Member Land made a motion, Nakanishi second, to adopt Resolution No. 2002-141 approving Downtown Lodi Business Partnership (DLBP) funding as follows:

- \$39,000 for banners, to be paid from the 2001-2002 Contingency Fund; and
- \$14,000 for past DLBP collection services, to be paid from the 2001-2002 Contingency Fund

And further to direct staff to send collection letters to past debtors.

DISCUSSION:

Council Member Howard pointed out that not included in the DLBP funding proposal is what the City owes in collection cost reimbursement for a previous year.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Hitchcock, Land, Nakanishi, and Mayor Pennino

Noes: Council Members – Howard

Absent: Council Members – None

Mayor Pennino stated that he would like to see a goal for staff to provide Council with all the budget documents by Memorial Day each year to provide an adequate amount of time for review. He commented that the budget presented includes a reserve of 14%. The sales tax used to be the fastest growing in the City's General Fund tax revenues and for the past two years property tax is growing at an increased rate. The budget includes a \$1.5 million set aside for Capital projects over and above the debt financing. Over the last four years the City has hired 46 employees, which is an increase of 11%.

Mayor Pro Tempore Hitchcock requested that action for approval of the budget be split between the Operating Budget and the Capital Improvement Budget.

Council Member Nakanishi agreed with Ms. Hitchcock and suggested that the policy be reconsidered of including all projects in the budget, regardless of when they begin, as it provides an inaccurate picture of the budget year being reported on.

MOTION #2 / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Howard second, unanimously adopted Resolution No. 2002-142 approving the 2002/2003 Operating Budget for the Fiscal Year beginning July 1, 2002 and ending June 30, 2003, and further approving the 2002/2003 Appropriation Spending Limit.

MOTION #3 / VOTE:

The City Council, on motion of Council Member Land, Howard second, adopted Resolution No. 2002-143 approving the 2002/2003 Capital Improvement Budget for the Fiscal Year beginning July 1, 2002 and ending June 30, 2003. The motion carried by the following vote:

Ayes: Council Members – Howard, Land, Nakanishi, and Mayor Pennino

Noes: Council Members – Hitchcock

Absent: Council Members – None

J. ORDINANCES

None.

K. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Nakanishi noted that the City is spending \$1.5 million on replacement of sewer lines, mainly on the eastside of Lodi.
- Mayor Pennino gave City Manager Flynn a guide from San Luis Obispo entitled "How to Avoid Parking Tickets" and suggested that something similar be considered for Lodi.

L. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager Flynn announced that Alan Vallow's birthday is July 2 and Steve Mann's birthday is July 14. He noted that the Mayor has recommended that two Shirtsleeve Sessions in July be canceled if there are no urgent matters to consider.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 1:50 a.m., Thursday, June 20, 2002.

ATTEST:

Susan J. Blackston
City Clerk